

MEDICARE ENROLLMENT COMPOSITION WAIVER FOR THE
WELLNESS PLAN

SEPTEMBER 25, 1996.—Ordered to be printed

Mr. BLILEY, from the Committee on Commerce,
submitted the following

REPORT

[To accompany H.R. 4012]

[Including cost estimate of the Congressional Budget Office]

The Committee on Commerce, to whom was referred the bill (H.R. 4012) to waive temporarily the Medicare enrollment composition rules for The Wellness Plan, having considered the same, report favorably thereon without amendment and recommend that the bill do pass.

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PURPOSE AND SUMMARY

Section 1876(f) of the Social Security Act prohibits Medicare risk-contracting plans from enrolling more than 50 percent of their participants from the Medicare and Medicaid populations. H.R. 4012 provides a waiver of this section of the Social Security Act to The Wellness Plan of Michigan through December 31, 1999.

BACKGROUND AND NEED FOR LEGISLATION

Under Section 1876(f) of the Social Security Act, Medicare risk-contracting plans (managed care plans) are subject to rules regarding the enrollment of beneficiaries. One of these rules, commonly known as the 50/50 rule, requires that Medicare and Medicaid enrollees may not exceed 50 percent of plan enrollment. One of the main reasons for the establishment of this rule was to serve as a proxy for a plan's quality of care.

The Wellness Plan (TWP) is a State-licensed and Federally-qualified health maintenance organization serving several counties in Michigan, including the Detroit Metropolitan Statistical Area. TWP currently has approximately 155,000 enrollees consisting of: 141,000 Medicaid enrollees; 12,000 commercial enrollees, and 2,000 Medicare enrollees. TWP has had a Health Care Prepayment Plan (HCPP) contract with Medicare since 1993. A HCPP is a Medicare Part B-only cost contract.

As of January 1, 1996, HCPP enrollment and establishment of new HCPP contracts were effectively frozen as a result of the Social Security and Technical Corrections Act of 1994. Therefore, TWP cannot enroll any more Medicare beneficiaries. Many HCPP contractors are converting to a Medicare risk contract. TWP is ineligible for this option because of the 50/50 rule. As noted above, TWP's Medicaid enrollment is well over the 50 percent limit. Also, the Health Care Financing Administration does not have the authority to grant TWP an administrative waiver.

The legislation will enable TWP to continue to serve Medicare beneficiaries.

HEARINGS

The Committee on Commerce has not held hearings on the legislation.

COMMITTEE CONSIDERATION

On September 18, 1996, the Committee on Commerce met in open markup session to consider H.R. 4012, a bill to waive temporarily the Medicare enrollment composition rules for The Wellness Plan. A unanimous consent request by Mr. Bliley to discharge the Subcommittee on Health and Environment from further consideration of H.R. 4012 and to proceed to its immediate consideration by the Full Committee was agreed to without objection. The Full Committee then ordered H.R. 4012 reported to the House, without amendment, by a voice vote, a quorum being present.

ROLLCALL VOTES

Clause 2(l)(2)(B) of rule XI of the Rules of the House requires the Committee to list the recorded votes on the motion to report legislation and on amendments thereto. There were no recorded votes taken in connection with ordering H.R. 4012 reported. A motion by Mr. Bliley to order H.R. 4012 reported to the House, without amendment, was agreed to by a voice vote, a quorum being present.

COMMITTEE OVERSIGHT FINDINGS

Pursuant to clause 2(l)(3)(A) of rule XI of the Rules of the House of Representatives, the Committee has not held oversight or legislative hearings on this legislation.

COMMITTEE ON GOVERNMENT REFORM AND OVERSIGHT

Pursuant to clause 2(l)(3)(D) of rule XI of the Rules of the House of Representatives, no oversight findings have been submitted to the Committee by the Committee on Government Reform and Oversight.

NEW BUDGET AUTHORITY AND TAX EXPENDITURES

In compliance with clause 2(l)(3)(B) of rule XI of the Rules of the House of Representatives, the Committee states that H.R. 4012 would result in no new or increased budget authority or tax expenditures or revenues.

COMMITTEE COST ESTIMATE

The Committee adopts as its own the cost estimate prepared by the Director of the Congressional Budget Office pursuant to section 403 of the Congressional Budget Act of 1974.

CONGRESSIONAL BUDGET OFFICE ESTIMATE

Pursuant to clause 2(l)(3)(C) of rule XI of the Rules of the House of Representatives, the following is the cost estimate provided by the Congressional Budget Office pursuant to section 403 of the Congressional Budget Act of 1974:

U.S. CONGRESS,
CONGRESSIONAL BUDGET OFFICE,
Washington, DC, September 25, 1996.

Hon. THOMAS J. BLILEY, Jr.,
*Chairman, Committee on Commerce,
House of Representatives, Washington, DC.*

DEAR MR. CHAIRMAN: The Congressional Budget Office has reviewed H.R. 4012, a bill to waive the Medicare enrollment composition rule for the Wellness Plan, a health care prepayment plan (HCPP) in the Detroit area, as ordered reported by the Committee on Commerce on September 18, 1996. This bill would permit the Wellness Plan to contract with Medicare on a risk or cost basis during contract periods through December 31, 1999, without being subject to the requirement that persons covered by Medicare or Medicaid constitute no more than 50 percent of the plan's enrollment.

CBO estimates that waiver of the enrollment composition rule would increase Medicare outlays by less than \$0.5 million per year in fiscal years 1997 through 2002, and by a cumulative total of about \$1 million through fiscal year 2002. Pay-as-you-go procedures would apply because the bill could affect direct spending.

This bill contains no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act of 1995 (Public Law 104-4) and would impose no costs on State, local, or tribal governments.

If you wish further details on this estimate, we will be pleased to provide them. The CBO staff contact is Tom Bradley.

Sincerely,

JUNE E. O'NEILL, *Director*.

INFLATIONARY IMPACT STATEMENT

Pursuant to clause 2(l)(4) of rule XI of the Rules of the House of Representatives, the Committee finds that H.R. 4012 would have no inflationary impact.

ADVISORY COMMITTEE STATEMENT

No advisory committees within the meaning of section 5(b) of the Federal Advisory Committee Act are created by this legislation.

SECTION-BY-SECTION ANALYSIS OF THE LEGISLATION

Section 1. Waiver of Medicare enrollment composition rules for the Wellness Plan

Section 1 waives Section 1876(f)(1) of the Social Security Act (the 50/50 rule) with respect to the Wellness Plan through December 31, 1999.

CHANGES IN EXISTING LAW MADE BY THE BILL, AS REPORTED

This legislation does not amend any existing Federal statute.